

**First Church of God of Palmetto, Inc./Project Hope
(A NON-PROFIT ORGANIZATION)**

Financial Statements and Supplementary Information

As of and for the Year Ended June 30, 2022

With Accountant's Compilation Report

First Church of God of Palmetto, Inc./Project Hope
(A NON-PROFIT ORGANIZATION)

FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2022

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La Verne Ford, CPA, LLC



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Accountant's Compilation Report

The Board of Directors
First Church of God of Palmetto, Inc.
Project Hope
P. O. Box 173
Palmetto, LA 71358

Management is responsible for the accompanying financial statements of First Church of God of Palmetto, Inc.-Project Hope (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. I do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

The supplementary information contained in Schedule I is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to my compilation engagement. I have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

I am not independent with respect to First Church of God of Palmetto, Inc.-Project Hope.

A handwritten signature in blue ink that reads "La Verne Ford".

La Verne Ford
Certified Public Accountant
Monroe, Louisiana
December 31, 2022

First Church of God of Palmetto, Inc.
Project Hope
Statement of Financial Position
As of June 30, 2022

Assets

Current assets:

Cash	\$120,322
Employee Advances	300
Prepaid Expenses	1,107
Total current assets	121,729

Fixed Assets:

Property and Equipment, net (note h)	10,547
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Total assets	\$132,276
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Liabilities & Net Assets

Current Liabilities:

Accounts Payable	\$2,555
Interest Payable	0
Payroll Tax Payable	1,091
SBA- CARES PPP Loan Liability-Current Portion	0
Total Current Liabilities	3,646

Long Term Liabilities:

SBA-CARES PPP Loan Liability, net current portion \$ 0	0
Total Long Term Liabilities	0

Total Liabilities	3,646
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Net Assets

Without Donor Restrictions	128,630
With Donor Restrictions	0

Total net assets	128,630
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Total liabilities and net assets	\$132,276
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See accompanying notes and accountant's compilation report.

First Church of God of Palmetto, Inc.
Project Hope
Statement of Activities
For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support:			
State of Louisiana Grants	\$0	\$ 174,338	\$ 174,338
Donations	1,850	0	1,850
In-Kind Rent	20,000	0	20,000
Gain on Forgiveness of Debt	39,637	0	39,637
Other Revenues	3,023	0	3,023
Total revenues and gains	\$64,510	\$174,338	\$238,848
 Net assets released from restrictions:			
Satisfaction of program restrictions	174,338	(174,338)	0
Total net assets released from restrictions	174,338	(174,338)	0
 Total revenues, gains, and other support	238,848	0	238,848
 Expenses and losses:			
Program Services	210,492	0	210,492
Supporting Services- Management & General	20,342	0	20,342
Total expenses and losses	230,834	0	230,834
 Change in net assets from operations	8,014	0	8,014
 Net assets at beginning of year	120,616	0	120,616
	0	0	0
Net assets at end of year	\$ 128,630	\$0	\$ 128,630

See accompanying notes and accountant's compilation report.

First Church of God of Palmetto, Inc.
Project Hope
Statement of Functional Expenses
For the Year Ended June 30, 2022

	PROGRAM SERVICES	SUPPORTING SERVICES	TOTAL
	Management & General		
Awards/Grants to Others	\$12,000	\$0	\$12,000
Books, Subscriptions & Reference	0	0	0
Business Expenses	46	0	46
Contributions	4,500	0	4,500
Depreciation	9,506	0	9,506
Equipment Rental and Maintenance	6,803	0	6,803
Food	1,520	0	1,520
Insurance	5,669	0	5,669
Membership Dues	108	0	108
Interest Expense	0	125	125
Occupancy			
Rent (Note 4)	0	20,000	20,000
Utilities	16,793	0	16,793
Other	0	217	217
Payroll Taxes	4,245	0	4,245
Postage	0	0	0
Professional Services	72,282	0	72,282
Printing and Copying			0
Salaries	55,485	0	55,485
Supplies	16,197	0	16,197
Telephone	3,644	0	3,644
Transportation			
Repairs/Fuel	1,694	0	1,694
Totals	<u>\$210,492</u>	<u>\$20,342</u>	<u>\$230,834</u>

See accompanying notes and accountant's compilation report.

First Church of God of Palmetto, Inc.
Project Hope
Statement of Cash Flows
For the Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets	\$8,014
Adjustments to reconcile decrease in net assets to net cash provided by operating activities	
Depreciation	9,506
Interest Expense- PPP Loan	345
Gain on Forgiveness of Debe (CARES PPP Loan)	(39,637)
(Increase) decrease in accounts receivable and contributions	0
(Increase) decrease in prepaid expenses	1,076
Increase (decrease) in accounts payable	519
Increase (decrease) in interest payable	(220)
Increase (decrease) in payroll liabilities	1,042
Net cash provided by (used in) operating activities	<u>(19,355)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of equipment	<u>(2,275)</u>
Net cash provided by (used in) investing activities	<u>(2,275)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from CARES PPP Loan	<u>0</u>
Net cash provided by (used in) financing activities	<u>0</u>
INCREASE (DECREASE) IN CASH	(21,630)
CASH, June 30, 2021	<u>141,952</u>
CASH, June 30, 2022	<u><u>\$120,322</u></u>
Supplemental disclosures of cash flow information:	
Non-cash activities:	
In-kind gifts	<u><u>\$ 20,000</u></u>

See accompanying notes and accountant's compilation report.

First Church of God of Palmetto, Inc./Project Hope

Notes to the Financial Statements

As of and for the Year End June 30, 2022

(1) Organization and Purpose

Palmetto Church of God-Project Hope (the Organization), a non-profit organization, was formed in 1997. Project Hope is a drug and alcohol prevention program for the Palmetto Community in St. Landry Parish. Youth leaders teach decision-making skills with accompanying alternative Alcohol, Tobacco and Other Drug (ATOD) activities. A parent group was established to secure the support of parents with their children and to commit the community to non-ATOD activities sponsored for two youth age groups (6-11 and 12-18).

(2) Summary of Significant Accounting Policies

(a) Financial Statement Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), on the accrual basis of accounting and accordingly reflect all significant receivables and payables.

The Organization has adopted FASB Accounting Standards Codification (ASC) 958-205, Not-for-Profit Entities, Presentation of Financial Statements. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions include those net assets whose use by the Organization is not restricted by donors, even though their use may be limited in other respects, such as self-imposed actions, by contract or governing board designation.

Net assets with donor restrictions are those net assets received with donor-imposed restrictions limiting the Organization's use of the assets. The Organization has determined that any donor-imposed restrictions for current program were generally met within the operating cycle and, therefore, the policy is to record these net assets without donor restrictions. As of June 30, 2022, the Organization had no net assets with donor restrictions. The Organization does not use fund accounting.

(b) Measure of Operations

The statements of activities report all changes in activity from operating activities for period ended June 30, 2022. Operating activities consist of those items attributable to the Organization's drug and alcohol prevention program services.

(c) Revenue Recognition

The Organization has also adopted FASB Accounting Standards Codification (ASC) 958-605 Not For Profit Entities, Revenue Recognition. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions based on the existence or absence and/or nature of donor-imposed restrictions.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

(d) Cash and Cash Equivalents

Cash includes bank deposits. For the purposes of the statement of cash flows, the Organization considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. The Organization had no cash equivalents during fiscal year 2022. As of June 30, 2022, cash balance were as follows:

Without Donor Restrictions \$ 120,322

(e) Receivables

Receivables consist primarily of loans expected to be received shortly after year-end. The Organization does not report an allowance for doubtful accounts because management estimates that receivables are 100% collectible. There are no identifiable concentrations of credit risk related to these amounts.

(f) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

(g) Income Taxes

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501 (c) (3).

The Organization is not aware of any course of action or series of events that have occurred that might adversely affect the Company's tax status.

(h) Property and Equipment

Acquisitions of property and equipment in the excess of \$500 are capitalized. Lesser amounts are expensed.

Depreciation is calculated using the straight-line method over the estimated useful lives of five years.

For the year ended 6/30/2022, the Organization had net property and equipment totaling \$ consist of the following:

	6/30/22
Depreciable Assets	
Equipment	\$ 1,611
Plus Additions	<u>2,276</u>
Equipment Total	3,887
Vehicles Total	<u>44,118</u>
Total Depreciable Assets	48,005
:Less Accumulated Depreciation	<u>(37,458)</u>
Net Depreciable Assets	<u>\$ 10,457</u>

Depreciation expense for the fiscal year ended 2022 was \$ 9,506.

(i) Contributed Services

The value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

(j) Gifts-in-Kind

Contributions include gifts-in-kind of rental of the Church of GOD Campground facilities in the amount of \$ 20,000 from the Church of God.

(k) Functional Allocation of Expenses

The cost of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated to the program and supporting services benefited.

(l) Uncertain Tax Positions

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by the IRS. The Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2022 there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by the Internal Revenue Service for the years ended December 31, 2020, 2021 and 2022; however, there are currently no audits in progress for any tax period.

(m) Forgiven Loans- Paycheck Protection Program (PPP)

The Organization's policy is to account for forgivable loans received through the Small Business Administration (SBA) under Coronavirus Aid, Relief and Economic Security Act (CARES Act) Paycheck Protection Program (PPP), as debt in accordance with Accounting Standards Codification (ASC) 470, Debt, and other related accounting pronouncements. The forgiveness of debt, in whole or in part, is recognized once the debt is extinguished which occurs when the Organization is legally released from the liability by the SBA. Any portion of debt forgiven, adjusted for accrued interest forgiven and unamortized debt issuance costs, is recorded as a gain on extinguishment of debt, and presented in the other income section of the Statement of Activities.

3. Description of Program and Supporting Services

Palmetto Church of GOD/Project hope will provide Alcohol, Tobacco and Other Drug Prevention Services to reduce risk factors in youths through multiple domains of individual, family, school, peers, and community and will strengthen resiliency to use. Information dissemination, prevention education and alternative to drug use are the strategies to be used. The goal of the program is the prevention or reduction of alcohol, tobacco, and other drug use by high-risk youth and or the problems associated with sure use that interfere with the achievement, maintenance, and restoration of optimal health at the individual, family, peer and community levels.

Project Goals/Objectives

Project Hope's Goal: the prevention or reduction of ATOD use by high-risk youth and of the problems associated with sure use that interfere with the achievement, maintenance, and restoration of optimal health at the individual, family, peer, and community levels.

Information Dissemination

1. To increase awareness of ATOD risk factors and other health related issues by sponsoring a Health/Wellness Fair to 80 participants, their families (130), and community persons (50) by the last weekend in September as measured by attendance and the number of booths and health professionals participating.

Education

1. To teach Life Skills Training curriculum to 1500 Elementary and Middle School students in seven St. Landry Parish schools.
2. To teach Kids Don't Gamble -Wanna Bet curriculum to 1500 Elementary and Middle School students in seven St. Landry Parish schools to discourage underage gambling.

Alternatives

1. To provide one to one and half hours of after-school tutorial services four days per week during the academic year and a reading program during the summer. Participants will show one-letter grade improvement by the end of the program year as measured by academic and conduct grades. This will mark a 10% improvement.
2. To provide organized recreational and drug-free events throughout the program year. Program participants will show a 10% increase in participation in drug-free events.

4. Lease

The Organization entered a lease agreement with The Church of God Campground for the use of its building in the amount of \$1,667 per month. The lease is a monthly lease agreement. Rental expense in the amount of \$20,000 was reported for the year ended June 30, 2022, of which \$ 20,000 in-kind rent is reported as a contribution and expense.

5. Liquidity Management

As of June 30, 2022, the following financial assets could be made readily available within one year of the statement of financial position date to meet general expenditures:

Cash	\$ 120,322
Employee Advances	300
Prepaid Expenses	1,107
Total	<u>\$ 121,729</u>

As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due.

6. Long-Term Debt

As of June 30, 2021, the Organization had two loans outstanding in the amount of \$12,845 and \$26,447, due to the Small Business Administration (SBA) and administered by a local bank, as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act) Paycheck Protection Program (PPP).

Under the terms of the note dated April 8, 2020 for \$12,845, loan payments are deferred until the Organization receives notification from the SBA as to the amount of the loan forgiven. Thereafter, monthly payments are due in the amount of \$ 1,612, including interest at one percent per annum, which approximates the effective interest rate. The note is due on April 8, 2022.

On August 6, 2021, the Organization received notification from the SBA that the entire loan balance of \$ 12,845 has been forgiven. On the forgiveness date, the Organization removed the loan balance and related accounts, and recorded in the Statement of Activities, a gain on forgiveness (extinguishment) of debt in the amount of \$ \$ 13,006.55, reflective of the \$ \$12,845 loan forgiven, \$ 161.55 of accrued interest forgiven.

Under the terms of the note dated February 10, 2021 for \$26,447, loan payments are deferred until the Organization receives notification from the SBA as to the amount of the loan forgiven. Thereafter, monthly payments are due in the amount of \$ 520, including interest at one percent per annum, which approximates the effective interest rate. The note is due on February 10, 2026.

On November 5, 2021, the Organization received notification from the SBA that the entire loan balance of \$ 26,447 has been forgiven. On the forgiveness date, the Organization removed the loan balance and related accounts, and recorded in the Statement of Activities, a gain on forgiveness (extinguishment) of debt in the amount of \$ \$ 26,630.59 reflective of the \$ 26,447 loan forgiven, \$ 183.59 of accrued interest forgiven.

Interest Expense was recorded for \$125 in fiscal year 2022.

The loan terms provide that a portion or all the loan is forgivable to the extent that the Company uses loan proceeds to fund qualifying payroll and other expenses during a designated 24-week period.

7. Fair Value of Financial Instruments

The Organization records its financial assets and liabilities at fair value in accordance with generally accepted accounting principles on a recurring basis.

8. Retirement

The Organization does not have a retirement program for its employees. The employees contribute 7.65% of their gross income to the FICA (Social Security and Medicare) program.

9. Concentration of Risk

For the year ended June 30, 2022, the Organization was subject to concentration risk due to majority of funding received from State of Louisiana grants. Individual and business contributions located in Louisiana helps to offset such risks.

10. Subsequent Event

Management has evaluated subsequent events (FASB ASC 855-10-50-1) through December 31, 2022, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Project Hope

Schedule of Compensation, Benefits and Other Payments to Agency Head

6/30/2022

Agency Head Name: Dale Fontenot

Purpose	Amount
Salary	\$15,120
Benefits-insurance	0
Benefits-retirement	0
Benefits-Other	0
Car allowance	0
Vehicle provided by government	0
Per diem	0
Reimbursements	472
Travel	0
Registration fees	0
License/Permits	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0
Special meals	0
Professional Services	0
Total	\$ 15,592

See Accountant's Compilation Report